

## Technical Note

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release; the note also provides some perspective on the estimates. Additional material will become available in the next several days; much of it will be posted to BEA's Web site: <[www.bea.doc.gov](http://www.bea.doc.gov)>. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*. The *Survey* also will provide a more detailed analysis of the estimates ("The Business Situation").

### Gross Domestic Product, First Quarter 2001 (Preliminary)

Real GDP (revised): Real GDP is now estimated to have increased 1.3 percent in the first quarter of 2001 after increasing 1.0 percent in the fourth quarter of 2000. The revised growth rate for the first quarter was 0.7 percentage point less than the advance estimate of 2.0 percent. Over the past 20 years, the revision between the advance and preliminary estimates -- without regard to sign -- averaged 0.5 percentage point, and nine-tenths of the revisions have been within a range of -0.9 to +1.2 percentage points.

Real final sales of domestic product -- GDP less the change in private inventories -- increased 4.4 percent in first quarter after increasing 1.7 percent in the fourth. Inventories were drawn down in the first quarter of 2001 for the first time since the third quarter of 1991.

Prices (revised): The price index for gross domestic purchases increased 2.8 percent in the first quarter, the same as in the advance estimate. This index increased 1.9 percent in the fourth quarter.

### Corporate Profits and GNP

The news release that presents the preliminary estimate of first-quarter GDP also presents the first estimates of corporate profits and gross national product (GNP) for the quarter.

Corporate Profits: Profits from current production decreased 2.3 percent (quarterly rate) in the first quarter after decreasing 5.7 percent in the fourth. Compared with the same quarter a year ago, current-production profits in the first quarter of 2001 decreased 4.6 percent. The current-production measure differs from profits as they are usually reported in corporate financial statements. It excludes non-operating items, such as special charges and capital gains and losses, and is based on depreciation of fixed assets and inventory withdrawals valued at current cost, rather than at historical cost.

Real GNP: Real GNP increased 1.6 percent in the first quarter, 0.3 percentage point more than the increase in real GDP; GNP increased 1.7 percent in the fourth quarter. GNP equals GDP plus incomes, mainly on investments, earned abroad by U.S. residents less similar incomes earned in the United States by foreign residents.

### **Sources of Revision to Real GDP**

The downward revision to first-quarter real GDP reflected the incorporation of both revised and newly available source data for several of the major GDP components:

- Inventory investment was revised down, mainly reflecting newly available Census Bureau inventory data for March and revised data for February.
- Consumer spending was revised down, mainly reflecting revised Census Bureau data on retail sales for February and March.
- Exports were revised down and imports were revised up, mainly reflecting the incorporation of newly available Census Bureau goods data for March.

Table A shows both the BEA assumptions used for the advance estimate of GDP and the newly available and revised source data incorporated for the preliminary estimate for selected key series.

Brent R. Moulton  
Associate Director for National Income,  
Expenditure, and Wealth Accounts  
Bureau of Economic Analysis  
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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY  
ESTIMATES OF GDP FOR THE FIRST QUARTER OF 2001

This table shows the actual data used for the preliminary estimate of GDP for the first quarter of 2001. For these key series, actual data for March were not available in time for inclusion in the advance GDP estimate released on April 27, 2001, and BEA made assumptions for these source data. The numbers in brackets show the March values that had been assumed for the advance estimate. For most series, the data incorporated for February and, in some cases, for January, were preliminary, and the numbers shown in brackets are the values used last month.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

	Oct.	2000 Nov.	Dec.	Jan.	2001 Feb.	Mar.
Private fixed investment:						
Nonresidential structures:						
Buildings:						
1 Value of new nonresidential construction put in place.....	222.1	224.5	219.7	231.6 {231.6}	231.5 {231.9}	239.3 {225.0}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	34.9	35.4	31.3	33.5	48.6 {45.5}	36.4 {32.1}
Residential structures:						
Value of new residential construction put in place:						
3 1-unit structures.....	226.1	227.1	229.1	233.5 {233.5}	237.9 {238.7}	236.3 {236.0}
4 2-unit-or-more.....	27.2	28.3	28.6	30.3 {29.8}	30.7 {30.7}	30.2 {30.6}
Change in private inventories, nonfarm:						
5 Change in inventories for manufacturing and trade (except nonmerchant wholesalers) for industries other than motor vehicles and equipment in trade.....	80.1	38.0	-0.4	31.4	-31.8 {-10.0}	-24.1 {0.8}

Net exports:

Exports of goods:

6	U.S. exports of goods, international-transactions- accounts basis.....	795.9	790.2	769.4	774.9	782.3 {782.9}	769.2 {776.7}
6a	Excluding gold.....	790.3	783.5	762.0	769.2	775.6 {776.1}	761.6 {769.6}

Imports of goods:

7	U.S. imports of goods, international-transactions- accounts basis.....	1275.4	1259.7	1244.2	1248.8	1181.0 {1183.2}	1220.9 {1213.3}
7a	Excluding gold.....	1269.0	1252.6	1237.5	1242.6	1175.0 {1177.2}	1214.7 {1206.2}
8	Net exports of goods.....	-479.4	-469.5	-474.8	-473.9	-398.7 {-400.2}	-451.7 {-436.6}
8a	Excluding gold.....	-478.7	-469.1	-475.5	-473.4	-399.5 {-401.0}	-453.1 {-436.6}

Government:

State and local:

Structures:

9	Value of new construction put in place.....	170.1	171.0	172.8	177.4 {175.2}	176.6 {172.2}	179.8 {171.3}
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